

Appl. No. 09/781,310  
Amdt. Dated January 30, 2006  
Reply to Office Action of November 4, 2005

### **REMARKS**

Upon entry of the instant amendment, claim 67 and 88-103 are pending. Claims 68-87 have been cancelled. Claim 67 has been amended and new claims 88-103 have been added to more particularly point out the Applicant's invention. It is respectfully requested that the claim 67, as amended, and new claims 88-103 define patentable subject matter over the prior art of record. Accordingly, the Examiner is respectfully requested to provide favorable consideration of claim 67 and new claims 88-103.

### **CLAIM REJECTIONS-35 USC § 112**

Claim 75 has been rejected under 35 USC § 112. Claim 75 has been cancelled. Thus, this rejection is obviated.

### **CLAIM OBJECTIONS**

An objection has been made to claim 75. Claim 75 has been cancelled. Thus, this objection is obviated.

### **CLAIM REJECTIONS-35 USC § 102**

Claims 67-73 and 77-84 have been rejected under 35 USC § 102 (e) as being anticipated by Freeman et al US Patent No. 6, 249,775 ("the Freeman patent")<sup>1</sup>. Claims 68-73 and 77-84 have been cancelled. Thus, the rejection is obviated with respect to those claims. With respect to claim 67, it is respectfully submitted that that in order for there to be anticipation, each and every one of the elements of the claim must be found in a single reference. It is respectfully submitted that claim 67, as well as the new claims 88-103, recite elements not disclosed or suggested by the Freeman patent. For example, the claims now recite that vintage performance data for a performance variable, such as loan performance, is decomposed or disaggregated into a vintage factor, an age factor and an exogenous factor. The Freeman patent does not disclose decomposition or disaggregation of the vintage performance data. Rather the method disclosed by the Freeman patent discloses a technique for comparing performance data of two different vintages, as illustrated in Figs 3 and 4 of the Freeman patent in order to increase the accuracy of

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<sup>1</sup> Paragraph 7 of the Detailed Action states that the rejection is based upon Freeman US Patent No. 6,240,775. US Patent No. 6,240,775 relates to a flow rate sensor. Thus, the Applicant assumes that the rejection is based upon Freeman US Patent No. 6,249,775.

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using the vintage performance curves to predict future performance by using age based vintage data from both vintage performance curves based upon the comparison. This technique is referred to as a Crus Classes method in the Freeman patent.

*"With this in mind, since the invention superimposes the curve 70 over the area of uncertainty, one can state with greater certainty which vintage performs better only in the areas outside the area of uncertainty. Thus, the graph of FIG. 4 shows that the 1994 loan vintages are "better" than corresponding 1993 loan vintages for loans that are 6, 21 and 24 months old. On the other hand, the 1993 vintage appears to be better for loans that are 27 and 30 months old. During other months, the result is too close to conclude with the chosen degree of certainty which vintage is better. The chart of FIG. 4 underscores the fallacy of the prior art in referring to yearly vintages as better or worse. One must be more specific as to time and other criteria, since relative performance changes dynamically with time."* Freeman patent, Col. 12, lines 45-58.

Moreover, although the Freeman patent recognizes exogenous factors can impact the performance data as set forth in Col. 12, line 59- Col. 13, line 4, the method disclosed therein does not disaggregate the performance data as a function of exogenous factors but simply allows the time interval for analyzing the vintage performance data to be adjusted to presumably overlap on a time basis with exogenous factors.

*"While the invention has been described above in relation to the consideration of vintages in yearly quarterly units, note that in the loan industry exogenous factors such as changes in economy, unemployment and inflation are time varying factors that vary greatly over an annual interval and therefore the system of the invention permits analysis based on the choice of any interval unit. The important thing to realize is that in general, a new mortgage loan is more sensitive to small changes in delinquency performance than an older mortgage. This is shown by widening of the confidence interval bands over time. So in essence, the application of the above described Crus Classes method corrects for this fact."* (emphasis added) Freeman patent Col. 12, lines 59- Col. 13, line 4.

The Crus Classes method, as discussed above, does not take into account directly the effects of exogenous factors. Rather, the Freeman patent teaches expanding the time interval of the Crus Classes analysis to overlap with the time interval of various exogenous factors. The present invention, on the other hand, decomposes or disaggregates vintage performance data in

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order to model the exogenous factors to enable to compensate directly the impact of exogenous factors on the vintage performance data . For all of the above reasons, the Examiner is respectfully requested to reconsider and withdraw the rejection of claim 67 and provide favorable consideration of claims 88-103.


**CLAIM REJECTIONS-35 USC § 103**

Claims 74-76, 78 and 85-87 have been rejected under 35 USC § 103 (a) as being unpatentable over the Freeman patent further in view of Galperin et al US Patent No. 6,185,543. Claims 74-76, 78 and 85-87 have been cancelled. Thus, this rejection is obviated.

Respectfully submitted,

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